

# **SOUTH RIBBLE MEDIUM TERM FINANCIAL STRATEGY**

2022/23 to 2024/25

## FOREWARD



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Cabinet Member  
(Finance, Property  
and Assets)

Over the last year, as well as continuing to support our residents and borough through the pandemic, we have also continued to improve our services and support our communities. This proposed budget will allow us to continue using our resources and budgets to sustain vital services and ensure a strong recovery from the pandemic by investing in neighbourhoods, communities and businesses.

To support South Ribble residents and despite the expectation from Government to do so, we will not increase council tax in 2022/23 while still setting a balanced budget.

With changes in local government funding looking imminent, particularly in respect of the future level of business rates income to be retained by the council, we have plans in place to meet the financial challenges we face. We will continue to transform services to deliver efficiencies as well as investing in capital expenditure projects throughout the borough.

This year, our work to build more affordable housing and an extra care facility will continue. We will undertake more work to tackle climate change, provide support to community groups and improve our local environment.

A newly refurbished Worden Hall will open and we will host new events for residents and visitors to enjoy. We will review and refresh the support we give to our businesses as they recover from the pandemic and drive inclusive economic growth.

Although the financial uncertainty prevails, the council will continue to deliver its priorities as set out in this Medium Term Financial Strategy to make South Ribble a healthy and happy community, flourishing together in a safer and fairer borough.

## INTRODUCTION

1. The approval of the Annual Budget is an important stage in the council's annual planning and budgetary process, as the revenue estimates form the basis for setting the Council Tax for the following year. This section aims to put finance into its corporate context. Not all matters can be covered in detail, but it is intended to give a flavour of how finance influences the way that South Ribble Borough Council operates and is governed.

## FINANCE AND CORPORATE PLANNING

1. Within the framework of legislation and Government controls, local authorities retain responsibility for determining the level of their budgets and how those budgets will be spent, subject to legislation and grant conditions.
2. The purpose of the council's budget is;
  - To enable the council to fulfil its statutory duty to set Council Tax each financial year
  - To ensure that use of the council's financial resources is planned and that a balanced budget is set in 2022/23.
  - To set financial targets for service managers against which their use of financial resources can be measured and controlled.
  - To facilitate the delivery of the council's corporate strategy and subsequent priorities by allocating resources between services according to agreed strategies and plans.
3. The first is a statutory requirement and the council, if it does nothing else, must fulfil this obligation. All these points are important, especially the last regarding the delivery of the council's Corporate Strategy. It means that finance always needs to be seen in the context of other council plans, whether at service level or, ultimately, at corporate level. South Ribble Borough Council will ensure that its financial resources, subject to all other constraints, are allocated in accordance with council priorities.
4. In practice there are a number of constraints that might prevent the council from spending purely in accordance with its current priorities, for example: -
  - Government constraints over use of resources
  - Legal requirements to provide certain services
  - Financial and legal commitments, and other agreements, e.g. staff contracts
  - Costs incurred in implementing change
  - Limited availability of resources
  - Time needed to plan for change
  - Pressure to maintain and improve services and not to cut back
5. It is important for the council to recognise these constraints and to plan the use of resources over the short and medium term.

## THE FINANCIAL CONTEXT

6. The purpose of the Medium Term Financial Strategy (MTFS) is to set the financial framework for the council for the medium term to ensure delivery of strategic objectives and major projects. This requires a review and assessment of revenue budgets, the capital programme, levels of reserves and potential future Council Tax levels, based on funding projections and other financial and economic assumptions.
7. The fact we have only received a one year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2023 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of:
  - the development and implementation of a new Fair Funding Review;
  - changes to the Business Rates Retention Scheme;
  - the funding changes linked to the government's 'levelling up' agenda and future shared prosperity funds;
  - devolution and potential local government reorganisation and;
  - in the public health, social, economic and financial impact of the global Covid-19 pandemic in both the short and medium term.

It is within this financial context that we have developed the MTFS

### **Fair Funding Review**

8. The current funding baselines for local authorities in England, as determined by the annual Local Government Finance Settlement, are based on an assessment of each authority's relative needs and resources. The methodology behind this assessment was first introduced over ten years ago and has not been updated since the introduction of the 50% business rates retention system in 2013-14.
9. Whilst this approach has ensured that those councils who have grown their business rates since this time have benefited from the additional income generated, it also means that the changes in the underlying level of 'need' within individual councils, has not been updated since the 2013-14 settlement. In addition, a desire to fully capture every aspect of a local authority's needs has led to increasingly large numbers of variables being included in the formulas, many of which have had a relatively minimal impact on the overall distribution of funding.
10. A consultation was issued at the end of 2018, which closed on 21 February 2019, on proposals for a new and simplified needs assessment formula, based on a smaller number of indicators; three years later, we are still awaiting the response.

### **Business Rates Retention**

11. Forecasting the level of business rates income beyond 2022/23 remains complicated due to the level of uncertainty in this area.
12. As for the Fair Funding Review, although a consultation outlining suggestions and inviting comments for a future approach to Business Rates was undertaken in late 2018, closing in February 2019, given the political turmoil of 2019 and Brexit, followed by global

crisis due to Covid-19, there has been little progress in the development of a new scheme.

13. In March 2020, the government published the Terms of Reference for the Business Rates Review, setting out that the objectives of this were to reduce the overall burden on business, to improve the current business rates system and to consider more fundamental changes in the medium-to-long term. In March 2021, the government published the Interim Report of the review, with the final report issued in October 2021.
14. The government has concluded from their review;
  - that business rates are a vital component of the business tax mix;
  - that they wish to preserve the benefits of business rates but will make changes to make their operation fairer and more effective for businesses;
  - that they are not proposing changing the nature of the tax, or the basis of valuation;
  - moving forward, they have concluded that increasing the frequency of revaluations would represent a fundamental and meaningful improvement to the business rates system and would help to ensure greater distributional fairness; currently, revaluations are scheduled to take place every 5 years although in practice, and due in part to the pandemic, these have only taken place about every 6-7 years. As such government has announced a 3-yearly cycle for business rates revaluations, starting from the next revaluation in 2023.
15. In light of the above, the quantum of business rates that will remain available to the council after the reset is uncertain. Likewise, the level of funding that councils will retain from business rates will be reviewed across the country and is expected to flow from the outcome of the Fair Funding Review, however no date has been set for these reforms.

### **Levelling-Up Agenda**

16. The 'Levelling up the United Kingdom' White Paper was issued by the Government on 2 February 2022. The paper states that this agenda is a long-term endeavour requiring a programme of change that will facilitate a shift in how central and local government, the private sector and civil society operate.
17. A consultation will follow and further details will be provided in due course on several of the policy commitments referred to within the paper. In addition, legislation will be required before Parliament to underpin in statute the changes that will be fundamental to levelling up, alongside wider planning measures.
18. As such, it is not anticipated that this agenda will have imminent impact on the finances of the council at this stage.

### **ASSUMPTIONS MADE WITHIN THE MTFS**

19. In preparing the MTFS, careful consideration has been given to the assumptions on which both income and expenditure budgets have been based, taking a prudent but realistic view and considering these at a detailed level utilising the best information

available both internally and externally, and consulting with advisors and leading experts across the areas covered.

20. The key assumptions that underpin the most significant income and expenditure budgets that have been incorporated into the MTFS are detailed below;

# GENERAL FUND FORECAST ASSUMPTIONS

The following assumptions have been made as part of reporting a balanced budget in 2022/23 gross deficit of £0.619m in 2023/24 and reporting a gross deficit of £0.732m in 2024/25.

| Key Assumption  | 22/23   | 23/24   | 24/25   | Comment  |
|---|---------|---------|---------|--|
| <b><u>INCOME/FUNDING</u></b>                                |         |         |         |  |
| Increase in Council Tax                                     | 0.00%   | 0.00%   | 1.99%   | The MTFS assumes that Council Tax will <b>freeze</b> over the next two years based on current financial forecasts and assumptions regarding funding and costs. However given the uncertainty that prevails, we will revisit this each year as part of the budget setting process as the position will be dependent on the outcome of the government's reviews of both the future funding framework and the future distribution of funding between councils as referred to above. |
| Council Tax Base Increases                                  | 0.00%   | 0.00%   | 0.00%   | A prudent assumption has been made within the MTFS of growth in the council tax base; this will be kept under review over the course of the year and projections refined, including any associated financial impact.   |
| Increase in Retained Business Rates through Growth          | 0%      | 0%      | 0%      | Revaluations, appeals and possible changes to the baseline mean that the council assumes no increase in the business rates base through growth. For the reasons highlighted, the council will monitor gross levels of business rates and collection rates as well as continuing to focus resources on attracting new and expanding local businesses.   |
| Additional Business Rates - Lancashire Pooling Arrangements | £1.396m | £1.396m | £1.396m | South Ribble Borough Council has benefited for several years from membership of the Lancashire Business Rates Pool. In the absence of any further information, the budget assumes the council will retain the current level of business rates enjoyed as part of the Lancashire Pool throughout the three year period of   |

| Key Assumption                      | 22/23   | 23/24   | 24/25   | Comment   |
|-------------------------------------|---------|---------|---------|---|
|                                     |         |         |         | <p>the MTFS, and the current mechanisms of Business Rate Retention will remain.</p> <p>The 2022/23 figure is the additional business rates retained by South Ribble Borough Council as part of its membership to the Lancashire business rates pool.</p> <p>It is assumed the pool does continue during the next three-year period. It is possible the implementation of the fair funding review eliminates these gains. No timetable has been set regarding the review however retaining this income does still present a risk to the council over the medium term.</p>  |
| Business Rates Equalisation Reserve | £2.843m | £2.843m | £2.843m | <p>A consideration within the MTFS is the impact that a national economic slow-down could have on the level of business rates income. This could result in an increase in the number of appeals against rateable values, as well as reducing local economic activity and therefore reducing retained business rates. The council's share of the provision for appeals currently stands at approximately £3.23m in 2022/23 which is comparable to the national average.</p> <p>In addition, the council's business rates income equalisation reserve has approximately £2.843m set aside over the medium-term to manage the risk of temporary reductions in retained business rates; this equates approximately to a 48% reduction in 2022/23 levels of retained business rates income. It is assumed that this level of reserve will be maintained across the period of the MTFS.</p> |
| Total Forecast New Homes Bonus      | £0.802m | £0.000m | £0.000m | <p>New Homes Bonus was introduced in 2011 as a stimulus for the provision of new homes and is a non-ringfenced grant, distributed between local authorities based upon new growth in housing provision in their area. The length of time that the bonus is paid for, for each new home built, has reduced from 6 years when it was first introduced, down to 5 years with effect from 2017/18, and down to 4 years from 2018/19.</p>  |

| Key Assumption                               | 22/23   | 23/24   | 24/25   | Comment   |
|--|---------|---------|---------|---|
|  |         |         |         | For the past 2 years a one-year, non-recurring allocation has been provided but it is expected that this will be the final year of funding, and therefore the MTFS assumes no further income beyond 22/23.<br>The funding for 2022/23 is forecast to be passed to the City Deal as per the original agreement.  |
| Lower Tier Services Grant and Services Grant | £0.269m | £0.000m | £0.000m | Every year the Government calculates the council's core spending power which is a combination of the council's council tax income, business rates income and new homes bonus grant allocation. The Lower Tier Services Grant, first introduced in 2021/22, has been allocated again in 2022/23 to compensate the council for the reduction in funding identified through the core spending power calculation.<br>The Government has also provided additional funding for 2022/23 in the form of the Services Grant. Again this is non-recurring and non-ringfenced grant, that is distributed on the same basis as the Lower Tier Services Grant.<br>Both grants are non-recurring and as such they have not been included in the MTFS for 2023/24 or 2024/25; the one-off nature of this funding stream does mean that the council continues to face significant financial uncertainty over the medium term. |

## **EXPENDITURE**

| Key Assumption  | 22/23 | 23/24 | 24/25 | Comment   |
|-----------------|-------|-------|-------|---|
| Pay Award 21/22 | 1.75% | 1.75% | 1.75% | The Government spending review announced a pay freeze in 2021/22 for the majority of public sector staff with a guaranteed a pay rise of at least £250 for all staff that earn less than £24,000 per year. Following NJCC negotiations, a final offer of 1.75% has been made by the Employers.<br>Although rejected by the public sector unions, in the absence |

| Key Assumption              | 22/23 | 23/24 | 24/25 | Comment   |
|-----------------------------|-------|-------|-------|---|
|                             |       |       |       | of further information, this level of award has been assumed in the pay budget for South Ribble Borough Council in 2022/23.   |
| Pay Award 22/23             | 2.0%  | 2.0%  | 2.0%  | The MTFs assumes a 2% pay increase for all staff in each of the three years covered. This assumption adds approximately £230k to the pay budget each financial year.<br>The spending review also announced that national living wage will rise from £8.91 to £9.50 an hour and will be extended to workers aged 23 and over from April 2022 This will not affect South Ribble Borough Council's pay bands for 2022/23 as the council pays above this level already. No adjustments have been made for any further living wage increases as it is assumed that the council's pay bands will continue to exceed this over the course of the MTFs. |
| Vacancy Saving              | 2.5%  | 2.5%  | 2.5%  | Given the inevitable turnover in staffing, there is more often than not a period of time between an employee leaving and their replacement commencing in post. With turnover levels of approximately 10% in 21/22, an assumption has been made that underspends of 2.5% will be generated as a consequence of the timing of recruitment.  |
| Future Service Pension Rate | 17.1% | 17.1% | 17.1% | As part of their triennial pension review in 2019, the Lancashire County Pension Fund announced an increase in employer pension contributions for the council from 14.9% to 17.1% for each of the three financial years 2020/21 to 2022/23, to meet the future costs of the scheme. Within the MTFs, the same contribution rate is assumed for 2023/24 and 2024/25, although this will be reviewed when the new three-year review is undertaken later this year.  |
| Covid-19                    | -     | -     | -     | The pandemic has impacted on the council finances as well as the wider economic environment. The Government has provided funding to mitigate this risk which the council has utilised in part, but given that costs are expected to continue as we enter the stages of recovery, some of these funds have been placed into reserves to cushion the impact of this over the period of the MTFs. The council has increased the Covid Recovery reserve to further assist in this.  |

## PLANNING AND DELIVERY OF THE COUNCILS CORPORATE STRATEGY

21. Despite these financial challenges, South Ribble Council continues to deliver projects that meet the priorities of its residents. These projects are outlined as part of the council's Corporate Strategy. The Corporate Strategy provides a clear statement of what the council aims to achieve over the next three years. The strategy sets out not only the council's vision, priorities, and long-term outcomes for the period 2021/22 – 2023/24 but also priority activities to be delivered through the corporate projects and how we intend to measure success over the year ahead. The Corporate Strategy identifies our key priorities as a council which are:
- an exemplary council
  - thriving communities
  - a fair local economy that works for everyone
  - good homes, green spaces, healthy places

### *Corporate Strategy 2021/22 to 2023/24*

22. South Ribble Council's corporate strategy 2021/22 – 2023/24 was approved by Full Council on 24 November 2021. The focus of the Corporate Strategy to date has been on delivering schemes and initiatives that achieve visible and tangible outcomes against corporate priorities.
23. The Corporate Strategy for 2020/21 has progressed well and delivered some key outcomes including new affordable housing units, implementing the new community hub model, progress with Worden Hall and the Leyland Town Deal and establishing a joint partnership comprised of key partners for Chorley and South Ribble.
24. The council continues to be an exemplary council with the development of a joint partnership strategy to improve outcomes for residents by bringing public services together to make the best use of collective resources and further shared services have been developed ensuring the council can continue to deliver value for money, efficient and effective services to all residents. The strategy has enabled communities to thrive through the development of community hubs in five neighbourhood areas, multiple food banks have been brought together through the council to form a network to help coordinate resources effectively and mental health first aid sessions have been delivered to 43 officers who are now Mental Health First Aiders to help support young people.
25. 'A fair and local economy' remained a top priority to ensure a strong recovery from Covid with a programme of support and grants for businesses, and the opening of a credit union enabling access to financial services for those who may find it difficult to access high street banking. The council has continued to deliver good homes, green spaces and healthy places to residents through completing its first development of affordable homes, with nine affordable apartments delivered through the Tom Hanson House project. The completion of the first scheme provides a strong foundation for the Council moving forward to deliver a further 15 new quality affordable homes in Bamber Bridge

and to continue with consultation on delivering an Extra Care scheme, progressing to the second stage of its design.

26. For 2021/22 – 2023/24 key projects have been identified for delivery including work to support thriving communities through the enhancement of community hubs and a programme of events and attractions to provide things to do and places to go. The Worden Hall complex will be completed as a flagship venue, more affordable housing will be developed, and the leisure centres will be revitalised through an extensive programme of improvement to ensure good homes, green spaces and healthy places. Across the borough, the council will support residents and businesses with advice and support so that they can get back on their feet following the pandemic driving forward the principles of cooperation and community wealth building. We will also drive forward plans to transform the town and village centres to promote a strong and inclusive economy. The Council will continue its improvement journey by delivering the recommendations of the peer challenge and develop more effective working practices in response to the changing environment, continuing to support our staff development. We will also work more closely with partners to ensure that services make sense for residents and customers. Addressing climate change is a major priority cutting across all of our projects, but the council will also undertake specific work to improve our own assets and proactively encourage positive action across the borough by providing infrastructure and incentives.
27. The Medium-Term Financial Strategy delivers a budget that is robust and sustainable and that also delivers both the capital and revenue commitments required to deliver the corporate strategy priorities. A few of the key projects that have been delivered and will be delivered over the next 3 years are as follows:

### **An exemplary council**

#### ***Delivered;***

- £2.9m to continue to refurbish Worden Hall which will see the hall transformed into a flexible community space with provision for small events and weddings;
- £20k to improve digital access for less advantaged school children by providing 150 tablet devices to 10 schools across South Ribble.

#### ***To be delivered;***

- £200k to target fly tipping and environmental improvements across the borough to enable clean and safe local areas for residents.
- £30k to support communities and residents to organise events to celebrate the Queen's Jubilee

### **Thriving communities**

#### ***Delivered;***

- £50k which has been provided to support positive mental health for young people. Mental Health First Aid training has been provided, Community Mental Health Awareness sessions have been delivered in Penwortham, Leyland and Bamber Bridge and work continues in the evolution of the South Ribble Together Network, made up of agencies who support the work of the South Ribble Together Hub.

- £265k to refurbish the Vernon Carus Sports Club; work started on site in January to refurbish the existing club house and changing rooms, with completion planned for April ahead of the new cricket season. This will provide some of the best sporting facilities for our residents to encourage more and more people to access 'Leisure Local'.

***To be delivered***

- Our sports clubs and community organisations have been badly hit through loss of income and membership during pandemic. They provide the life-blood of the borough and so we will create a £250k fund for groups to continue and grow.
- £250k to create a community support fund, working alongside our existing the Boost Fund and the community hubs to improve the lives of our residents and provide support for individuals, groups and organisations

**A fair local economy that works for everyone**

***Delivered;***

- £150k which has created a Credit Union that will enable access to safe and ethical banking options for all residents, with nearly 100 new savers during the first two quarters of opening;

***To be delivered;***

- To support the recovery of the local economy following the pandemic, we will invest £200k on business support, advice and grants for local businesses to get back on their feet.
- To support people into high quality employment, build resilience and improve quality in our service provision as we recover from the pandemic we will invest £200k in creating more apprenticeships, graduates and training posts across the council in areas of high demand.

**Good homes, green spaces, healthy places**

***Delivered;***

- £2m to continue to deliver affordable housing units. The completion of Tom Hanson House has provided nine new affordable flats which enables residents from across the borough to have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed;
- £625k was allocated to fund improvements to play areas and open spaces. In addition a budget of £2.8m has been provided to construct new 'state of the art' football pitches that are already under construction and due to be finished in early 2022/23.

***To be delivered***

- We will invest to improve parks, play areas and open spaces, including improvements to Hurst Grange, Birch Avenue - Penwortham, Moss Side Village Green, Farington Lodges, Strawberry Valley Park - Bent Lane, Withy Grove and Gregson Lane, Ryden Avenue, Hutton and Worden Park in 2022/23 and Longton, New Longton and King George V and Margaret Road in Penwortham in 2023/24. We will also invest £200k for improvements to smaller open space and play areas.

- £3.1m to continue to support the development of affordable homes with 15 new affordable homes on the McKenzie Arms site in Bamber Bridge; this means residents from across the borough can have access to affordable, safe and environmentally friendly housing, and will meet the demand of stock which is vitally needed.
- We will invest £1.600m to improve our leisure centre facilities

## MEETING THE FINANCIAL CHALLENGE

29. The last medium-term financial strategy reported to Full Council in February 2021 set out the council's approach in meeting the financial challenges over the period 2021/22 to 2023/24. The council's MTFS has guided work to bridge the gap and deliver a balanced budget through through:

- productivity savings including modernisation of services, delivery of the Digital Strategy and continually reviewing its staffing structures to ensure they are efficient and fit-for purpose.
- delivery of shared services, realising significant savings while improving and building resilience in services

## SENIOR LEADERSHIP TEAM

28. In terms of transformation, the purpose of the Senior Leadership Team is to:
- Monitor project progress and issues
  - Ensure proposals meet with the overall objectives of the Transformation Strategy and anticipated savings
  - Consider dependencies between projects to make sure that activity is coordinated (particularly with regard to consultation/service reviews) and monitor overall demands on capacity
  - Review and scrutinise corporate performance.

## WHAT IS THE BUDGET GAP?

29. The estimated budget gap based prior to actions being taken to balance the budget is:

### South Ribble Borough Council Transformation Programme

|  | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m |
|--|---------------|---------------|---------------|
| <b>TOTAL BUDGET DEFICIT</b>  | <b>0.000</b>  | <b>0.739</b>  | <b>1.014</b>  |
| Council Tax Increase – Freeze in 22/23 and 23/24 & 1.99% increase in 24/25 | (0.000)       | (0.000)       | (0.162)       |
| Net Income from Capital Investment   | (0.000)       | (0.065)       | (0.065)       |
| DFG Admin Charge to 12.5%  | (0.055)       | (0.055)       | (0.055)       |
| <b>NET DEFICIT / (SURPLUS)</b>   | <b>0.000</b>  | <b>0.619</b>  | <b>0.732</b>  |

30. The key challenge to the council to find forecast efficiency savings of £0.732m by 2024/25.

To achieve this the council's strategy will be:

- To make the council more financially self-sufficient with specific emphasis on creating investment that provides benefits to residents and businesses whilst also generating income.
- To realise savings through the procurement of its contracts including joint contractual arrangements with Chorley Council.
- To identify efficiencies through investment in infrastructure, ICT and through exploring alternative delivery models that will enable the council to balance the budget whilst seeking to minimise the impact on front line service users

### **Transformation Strategy**

31. The transformation strategy covers many aspects of change both within the council and in partnership with other organisations. At this stage, the main strands of the strategy that could generate savings and income are outlined further below.

### **Income Generation**

32. The Local Government Finance Settlement outlines the Core Spending Power available to local authorities. This is the level of resources the government assumes councils will have available and is predicated on all councils across the country increasing council tax up to the referendum limit of 2% (5% for authorities with social care responsibilities) year-on-year.
33. Whilst the proposed freeze on Council Tax for 2022/23 and 2023/24 has implications for future year budgets, based on current information, this is offset by the increase in Business Rates income from growth in 2021/22 and in S31 grant announced in the Final Settlement announced on 7 February. As such the proposed freeze is contained within the current overall budget position and is deliverable whilst still achieving a balanced budget in 2022/23.
34. The Council Tax rate for South Ribble Council sits broadly within the middle of the range of other Lancashire District authorities. There is a wide range of charges across Lancashire and the gap between South Ribble and the next authority (Lancaster) is over 6%.

|                     | <b>Band D<br/>Equivalent<br/>2021/22<br/>£</b> |
|---------------------|--|
| Preston             | 327.13   |
| Burnley             | 312.28   |
| Rosendale           | 285.13   |
| Pendle              | 276.01   |
| Hyndburn            | 255.53   |
| Lancaster           | 236.95   |
| <b>South Ribble</b> | <b>223.24</b>                                  |
| Fylde               | 214.91   |
| West Lancs.         | 213.39   |
| Wyre                | 209.74   |
| Chorley             | 195.76   |
| Ribble Valley       | 155.69   |

35. The council will remain committed to supporting those who may struggle to pay their council tax because of the challenging circumstances they find themselves in. On that basis, the council will make use of the monies it has available to support council taxpayers.

### *Investment sites*

36. The council owns several sites that are being developed to bring forward the expansion of employment and housing within the borough. These include:
- McKenzie Arms – 15 high quality affordable homes that offer a high level of comfort whilst using minimal energy for heating. This development is also expected to generate £65k of annual net income to the council from April 2023 onwards.
  - West Paddock Extra Care scheme - that will develop over 70 self-contained homes embracing the principles of the lifetime homes standard that ensures the homes will be accessible and adaptable. It is forecast this development will generate a net income to the council in 2025/26 onwards.
  - Worden Hall – the council is investing £2.9m in the refurbishment of the hall enhancing the visitor experience whilst also generating an increase in income to the council through hire of community spaces, additional events and improved café facilities. Over the medium term, this enhanced facility will be cost-neutral to the council while attracting more visitors to the borough.

### *Future Savings*

37. The council has been successful in generating efficiency savings and additional income to bridge the budget gap whilst continuing to deliver outstanding services to its residents. Required savings of approximately £0.732m, subject to future Government announcements, are forecast over the period of the MTFS to manage increases in costs as well as potential reductions in future Government funding.

38. Whilst there is continued uncertainty about the potential level of savings required over the medium term, it is prudent to put in place plans to identify and secure the savings that may be required over the medium term. Through the Transformation Strategy and Medium Term Financial Strategy, the following are the key areas of savings that will be targeted for future;

- **Service savings.** An exercise has been undertaken that has identified a potential of £0.470m of savings over the next 3 years. An exercise has been undertaken to prioritise the options with an aim of minimising any adverse impact on service delivery;
- the council has been successful in **investing within the borough** to generate jobs, improve health services as well as improving the retail and night-time economy. Whilst delivering this, the council has also generated additional net income that supports other council services. The council will continue this approach, and in the continued redevelopment of the town centre, working to identify further opportunities to provide net income. The council has successfully brought in additional external funding from various sources to support investment in the borough including Homes England, Lancashire Enterprise Partnership (LEP), Community Infrastructure Levy (CIL) and S106 funding from developers in the borough. The council will build on this success to deliver future investments;
- the council is ambitious in its delivery of services and will continue to pursue **alternative models of delivering its services.** The MTFS includes efficiency savings that have already been secured through the expansion of shared services with Chorley Council. As Phase 2 of the Shared Services model reaches the final stages of implementation, no additional savings have been identified, however the council will consider further opportunities alongside its wider priorities if improvements and efficiencies can be attained. The council will also seek to reduce the costs of leisure services, now delivered by the council's wholly owned company, South Ribble Leisure Ltd, established in September 2021. Over the course of the MTFS we will work with the new company to reduce its net operating costs to move to generating a net benefit to the council.
- the council has an **ambitious capital programme** that will deliver improvements to assets across the Borough. The council has successfully bid for a £25m Town Fund grant with proposed match funding. This will deliver transformational change to areas of Leyland including new housing and employment opportunities. It is expected that this will also deliver a net income stream to the council helping it to manage future budget deficits.
- the council is committed to reducing its impact on the environment with the aim of being carbon neutral by 2030. A £5m bid to **decarbonise its assets** has been approved by Government; this grant will enable the council to significantly reduce its use of fossil fuels to power its leisure centres, vehicle depot and office buildings. As well as reducing the council's carbon footprint, it is also expected that the investment will reduce the ongoing revenue costs of operating its buildings with estimate savings of approximately £600k over an 8 year period, as per the report to Council on 21 July 2021.

39. Following a request from the unions, and in working to mitigate the risks highlighted in the Strategic Risk Register around staff satisfaction and retention in a changing jobs market, it is proposed that work is undertaken during 2022/23 to move staff to the

shared terms and conditions. The costs of such a move would then be built into the Budget for 2023/24 and the MTFS beyond.

## CONCLUSION

40. The review of the MTFS has again been undertaken against a background of significant reductions in funding and increasing costs. These factors present a risk to the council's sustainable financial position unless budget savings continue to be delivered and additional income opportunities are provided alongside the delivery of the council's Corporate Strategy priorities.
41. The MTFS covers three years between 2022/23 and 2024/25 and whilst the budget has been balanced for 2022/23, through a combination of efficiency savings and income generation, budget gaps remain for 2023/24 and 2024/25.
42. The financial context continues to be increasingly challenging and uncertain. Strategies are outlined in the MTFS as to how the budget gap of £0.619m (2023/24) and £0.732m (2024/25) can be addressed. The strategies build on the work undertaken to date and continued exploration of innovative approaches to service delivery as well as investing in income generating assets.
43. The Council will continue to keep the MTFS under review given:
  - the level of efficiency savings and income generation required to balance the budget over the medium term. The timing of the delivery of these targets will need to be closely managed and where necessary reserves utilised to meet temporary delays in transformation strategy net budget reductions.
  - the high degree of uncertainty surrounding the changes to Government policy such as business rates retention and the fair funding review as well as the uncertainty regarding the ongoing implications of Covid-19 and rising levels of inflation.